

MFS INTERMEDIATE HIGH INCOME FUND
Form N-CSR
February 06, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5567

MFS INTERMEDIATE HIGH INCOME FUND

(Exact name of registrant as specified in charter)

500 Boylston Street, Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

Susan S. Newton

Massachusetts Financial Services Company

500 Boylston Street

Boston, Massachusetts 02116

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: November 30

Date of reporting period: November 30, 2008

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Annual report

MFS® Intermediate High Income Fund

11/30/08

CIH-ANN

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MFS® Intermediate High Income Fund

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New York Stock Exchange Symbol: CIF

NOT FDIC INSURED MAY LOSE VALUE

NO BANK GUARANTEE

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LETTER FROM THE CEO

Dear Shareholders:

The global economy is not a very welcoming place these days. Headlines tell the story of slowing growth, accelerating inflation, and credit collapse. We have watched the rampant selling that has typified equity and credit markets since the strains in the financial system first became apparent last year.

The volatility in commodity and currency markets has further complicated investment choices. There are so many parts moving in so many directions; it has become very easy to get overwhelmed.

At MFS® we remind investors to keep their eye on the long term and not become panicked by the uncertainty of the day to day.

Remember that what goes down could very easily come back up. And that is where we as money managers like to turn our focus.

Investment opportunities may arise in declining markets. When markets experience substantial selloffs, assets often become undervalued. At MFS, we have a team of global sector analysts located in Boston, London, Mexico City, Singapore, Sydney, and Tokyo working together to do the kind of bottom-up research that will root out these investment opportunities.

In times like these, we encourage our investors to check in with their advisors to ensure they have an investment plan in place that will pay heed to the present, but that is firmly tailored to the future.

Respectfully,

Robert J. Manning

Chief Executive Officer and Chief Investment Officer

MFS Investment Management®

January 15, 2009

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

Table of Contents**PORTFOLIO COMPOSITION****Portfolio structure****Top five industries (i)**

Medical & Health Technology & Services	13.8%
Utilities Electric Power	9.8%
Network & Telecommunication	8.4%
Gaming & Lodging	8.2%
Broadcasting	7.7%

Portfolio structure reflecting equivalent exposure of derivative securities (i)**Credit quality of bonds (r)**

AAA	3.6%
AA	1.6%
A	1.8%
BBB	3.4%
BB	20.6%
B	48.4%
CCC	15.4%
CC	0.1%
D	1.3%
Not Rated	3.8%

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Portfolio Composition continued

Portfolio facts

Average Duration (d)(i)	5.6
Average Life (i)(m)	9.9 yrs.
Average Maturity (i)(m)	11.4 yrs.
Average Credit Quality of Rated Securities (long-term) (a)	B+
Average Credit Quality of Rated Securities (short-term) (a)	A-1

(a) The average credit quality of rated securities is based upon a market weighted average of portfolio holdings that are rated by public rating agencies.

(d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.

(i) For purposes of this presentation, the bond component includes accrued interest amounts and may be positively or negatively impacted by the equivalent exposure from any derivative holdings, if applicable.

(m) The average maturity shown is calculated using the final stated maturity on the portfolio's holdings without taking into account any holdings which have been pre-refunded or pre-paid to an earlier date or which have a mandatory put date prior to the stated maturity.

(o) Less than 0.1%.

(r) Each security is assigned a rating from Moody's Investors Service. If not rated by Moody's, the rating will be that assigned by Standard & Poor's. Likewise, if not assigned a rating by Standard & Poor's, it will be based on the rating assigned by Fitch, Inc. For those portfolios that hold a security which is not rated by any of the three agencies, the security is considered Not Rated. Holdings in U.S. Treasuries and government agency mortgage-backed securities, if any, are included in the AAA-rating category. Percentages are based on the total market value of investments as of 11/30/08.

From time to time Cash & Other Net Assets may be negative due to borrowings for leverage transactions, timing of cash receipts and/or equivalent exposure from any derivative holdings.

Percentages are based on net assets as of 11/30/08, unless otherwise noted.

The portfolio is actively managed and current holdings may be different.

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MANAGEMENT REVIEW

Summary of Results

The MFS Intermediate High Income Fund (the fund) is a closed-end fund investing primarily in high-yield fixed income securities in lower-rated categories.

For the twelve months ended November 30, 2008, shares of the MFS Intermediate High Income Fund provided a total return of 43.83%, at net asset value. This compares with a return of 31.23% for the fund's benchmark, the Barclays Capital U.S. High-Yield Corporate Bond Index (formerly the Lehman Brothers U.S. High-Yield Corporate Bond Index).

Market Environment

The U.S. economy and financial markets experienced significant deterioration and extraordinary volatility over the reporting period. U.S. economic growth slowed significantly, despite the short-term bounce from the second quarter fiscal stimulus. Strong domestic headwinds included accelerated deterioration in the housing market, anemic corporate investment, a markedly weaker job market, and a much tighter credit environment. During the second half of the period, a seemingly continuous series of tumultuous financial events hammered markets, including: the distressed sale of failing Bear Stearns to JPMorgan, the conservatorship of Government Sponsored Enterprises (GSEs) Fannie Mae and Freddie Mac, the bankruptcy of investment bank Lehman Brothers, the Federal Reserve Bank's complex intervention of insurance company American International Group (AIG), the nationalization of several large European banks, the failure of Washington Mutual, and the distressed sale of Wachovia. As a result of this barrage of turbulent news, global equity markets pushed significantly lower and credit markets witnessed the worst dislocation since the beginning of the credit crisis.

While reasonably resilient during the first half of the period, the global economy and financial system increasingly experienced considerable negative spillovers from the U.S. slowdown. Not only did Europe and Japan show obvious signs of economic softening, the more powerful engine of global growth—emerging markets—also began to display weakening dynamics.

During the reporting period, the U.S. Federal Reserve Board cut interest rates aggressively and introduced a multitude of new lending facilities to alleviate ever-tightening credit markets, while the U.S. federal government moved quickly to design and implement a meaningful fiscal stimulus package. Although several other global central banks also cut rates, the dilemma of rising energy and food prices heightened concerns among central bankers that inflationary expectations might become unhinged despite weaker growth. Only late in the reporting period did slowing global growth result in a precipitous decline in commodity prices, which began to ease inflation and inflationary

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Management Review continued

expectations. As inflationary concerns diminished in the face of global deleveraging, and equity and credit markets deteriorated more sharply, a coordinated rate cut marked the beginning of much more aggressive easing by the major global central banks.

Detractors from Performance

Relative to the Barclays Capital U.S. High-Yield Corporate Bond Index, the fund's exposure to the *financial* sector held back performance as holdings of some finance companies suffered amid the global credit crisis. Debt holdings of finance companies JPMorgan Chase, General Motors Acceptance Corp. (GMAC), and Nuveen were among the fund's top detractors for the reporting period.

Security selection and the fund's greater exposure to lower-quality B rated (s) securities also hurt relative returns. Among individual holdings, media companies Dex Media West and Idearc were top relative detractors. Gaming and lodging companies Harrah's, Trump Entertainment, Fontainebleau, and Station Casinos also detracted from relative performance.

The fund employs leverage which has been created through the issuance of bank debt. To the extent that investments are purchased through leverage, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. Therefore, during the reporting period, the fund's use of leverage further hampered the fund's performance.

Contributors to Performance

The fund's smaller relative exposure to BB and CCC rated securities, which underperformed on a relative basis, contributed to relative results as credit spreads widened over the reporting period. An underweighted position in the poor-performing *telecom* sector also aided relative performance. Top individual contributors that boosted relative results included the debt of Owens-Brockway, Davita Inc., Alltel, Hospital Corporation of America (HCA, Inc.), and NRG Energy.

Respectfully,

John Addeo
Portfolio Manager

David Cole
Portfolio Manager

(s) Bonds rated BBB, Baa, or higher are considered investment grade; bonds rated BB, Ba, or below are considered non-investment grade. The primary source for bond quality ratings is Moody's Investors Service. If not available, ratings by Standard & Poor's are used, else ratings by Fitch, Inc. For securities which are not rated by any of the three agencies, the security is considered Not Rated.

The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio's current or future investments.

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The following chart represents the fund's historical performance in comparison to its benchmark(s). Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a shareholder would pay on fund distributions or the sale of fund shares.

Price Summary

Year Ended 11/30/08	Date	Price
Net Asset Value	11/30/08	\$1.72
	11/30/07	\$3.47
New York Stock Exchange Price	11/30/08	\$1.35
	2/05/08 (high) (t)	\$3.26
	11/21/08 (low) (t)	\$1.07
	11/30/07	\$2.97

Total Returns vs Benchmark

Year Ended 11/30/08

New York Stock Exchange Price (r)	(48.49)%
Net Asset Value (r)	(43.83)%
Barclays Capital U.S. High-Yield Corporate Bond Index (f)	(31.23)%

(f) Source: FactSet Research Systems Inc.

(r) Includes reinvestment of dividends and capital gain distributions.

(t) For the period December 1, 2007 through November 30, 2008.

Benchmark Definition

Barclays Capital U.S. High-Yield Corporate Bond Index (formerly known as Lehman Brothers U.S. High-Yield Corporate Bond Index) a market capitalization-weighted index that measures the performance of non-investment grade, fixed rate debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded.

It is not possible to invest directly in an index.

Notes to Performance Summary

The fund's shares may trade at a discount or premium to net asset value. Shareholders do not have the right to cause the fund to repurchase their shares at net asset value. When fund shares trade at a premium, buyers pay more

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Performance Summary continued

than the net asset value underlying fund shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the fund's liquidation. As a result, the total return that is calculated based on the net asset value and New York Stock Exchange price can be different.

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.

In accordance with Section 23(c) of the Investment Company Act of 1940, the fund hereby gives notice that it may from time to time repurchase shares of the fund in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

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INVESTMENT OBJECTIVE, PRINCIPAL INVESTMENT STRATEGIES AND RISKS OF THE FUND

Investment Objective

The fund's investment objective is to seek high current income, but may also consider capital appreciation. The fund's objective may be changed without shareholder approval.

Principal Investment Strategies

MFS normally invests at least 80% of the fund's net assets in high income debt instruments.

MFS may invest the fund's assets in other types of debt instruments and equity securities.

MFS may invest up to 100% of the fund's assets in lower quality debt instruments.

MFS may invest the fund's assets in foreign securities.

The fund's dollar-weighted average life will normally be between three and ten years. In determining an instrument's life for purposes of calculating the fund's average life, an estimate of the average time for its principal to be paid is used. This can be substantially shorter than the instrument's stated maturity.

MFS may invest the fund's assets in mortgage dollar rolls.

MFS may use derivatives for different purposes, including to earn income and enhance returns, to increase or decrease exposure to a particular market, to manage or adjust the risk profile of the fund, or as alternatives to direct investments.

MFS uses a bottom-up investment approach in buying and selling investments for the Fund. Investments are selected primarily based on fundamental analysis of issuers or instruments in light of market, economic, political, and regulatory conditions. Factors considered for debt instruments may include the instrument's credit quality, collateral characteristics and indenture provisions and the issuer's management ability, capital structure, leverage, and ability to meet its current obligations. Quantitative analysis of the structure of a debt instrument and its features may also be considered. Factors considered for equity securities may include analysis of earnings, cash flows, competitive position, and management ability. Quantitative analysis of these and other factors may also be considered.

The fund may use leverage by borrowing up to 33 1/3% of the fund's assets, including borrowings for investment purposes, and investing the proceeds pursuant to its investment strategies. If approved by the fund's Board of Trustees, the fund may use leverage by other methods.

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Investment Objective, Principal Investment Strategies and Risks of the Fund continued

MFS may engage in active and frequent trading in pursuing the fund's principal investment strategies.

In response to market, economic, political, or other conditions, MFS may depart from the fund's principal investment strategies by temporarily investing for defensive purposes.

Principal Risks

Stock markets are volatile and can decline due to adverse issuer, market, industry, political, regulatory or economic conditions. The value of the portfolio's equity investments will fluctuate in response to many factors including company specific factors as well as general market, economic, political and regulatory conditions. Foreign investments can be more volatile than U.S. investments. Changes in currency exchange rates can affect the U.S. dollar rate of foreign currency investments and investments denominated in foreign currency. Investing in emerging markets can involve risks in addition to those generally associated with investing in more developed foreign markets. The portfolio's yield and share prices change daily based on the credit quality of its investments and changes in interest rates. In general, the value of debt securities will decline when interest rates rise and will increase when interest rates fall. Debt securities with longer maturity dates will generally be subject to greater price fluctuations than those with shorter maturities. Mortgage securities are subject to prepayment risk which can offer less potential for gains in a declining interest rate environment and greater potential for loss in a rising interest rate environment. Derivatives can be highly volatile and involve risks in addition to those of the underlying indicators in whose value the derivative is based. Gains or losses from derivatives can be substantially greater than the derivatives' original cost. Lower quality debt securities involve substantially greater risk of default and their value can decline significantly over time. To the extent that investments are purchased with the proceeds from the borrowings from a bank, the fund's net asset value will increase or decrease at a greater rate than a comparable unleveraged fund. When you sell your shares, they may be worth more or less than the amount you paid for them. Please see the fund's registration statement for further information regarding these and other risk considerations. A copy of the fund's registration statement on Form N-2 is available on the EDGAR database on the Securities and Exchange Commission's Internet Web site at <http://sec.gov>.

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PORTFOLIO MANAGERS PROFILES

John Addeo	Investment Officer of MFS; employed in the investment management area of MFS since 1998. Portfolio manager of the fund since June 2007.
David Cole	Investment Officer of MFS; employed in the investment management area of MFS since 2004. High Yield Analyst at Franklin Templeton Investments from 1999 to 2004. Portfolio manager of the fund since June 2007.

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DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The fund offers a Dividend Reinvestment and Cash Purchase Plan (the Plan) that allows common shareholders to reinvest either all of the distributions paid by the fund or only the long-term capital gains. Purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a discounted price of either the net asset value or 95% of the market price, whichever is greater. Four times each year you can also buy shares. Investments may be made in any amount of \$100 or more in January, April, July and October on the 15th of the month or shortly thereafter.

If shares are registered in your own name, new shareholders will automatically participate in the Plan, unless you have indicated that you do not wish to participate. If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the Plan on your behalf. If the nominee does not offer the Plan, you may wish to request that your shares be re-registered in your own name so that you can participate. There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the fund. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the transaction expenses, including commissions. The automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

You may withdraw from the Plan at any time by going to the Plan Agent's website at www.computershare.com, by calling 1-800-637-2304 any business day from 9 a.m. to 5 p.m. Eastern time or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078. Please have available the name of the fund and your account number. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the Plan, you can receive the value of the reinvested shares in one of three ways: your full shares will be held in your account and a check will be issued for the value of any fractional shares, the Plan Agent will sell your shares and send the proceeds to you, or you may sell your shares through your investment professional.

If you have any questions or for further information or a copy of the Plan, contact the Plan Agent Computershare Trust Company, N.A. (the Transfer Agent for the fund) at 1-800-637-2304, at the Plan Agent's website at www.computershare.com, or by writing to the Plan Agent at P.O. Box 43078, Providence, RI 02940-3078.

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11/30/08

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Bonds - 128.7%

Issuer	Shares/Par	Value (\$)
Aerospace - 0.8%		
Vought Aircraft Industries, Inc., 8%, 2011	\$ 430,000	\$ 296,700
Airlines - 0.9%		
Continental Airlines, Inc., 7.339%, 2014	\$ 524,000	\$ 340,600
Apparel Manufacturers - 0.6%		
Broder Brothers Co., 11.25%, 2010	\$ 260,000	\$ 78,000
Hanesbrands, Inc., FRN, 6.508%, 2014	220,000	141,900
		\$ 219,900
Asset Backed & Securitized - 6.9%		
Banc of America Commercial Mortgage, Inc., 5.39%, 2045	\$ 175,928	\$ 80,417
Banc of America Commercial Mortgage, Inc., 6.388%, 2051 (z)	450,000	158,175
Banc of America Commercial Mortgage, Inc., FRN, 5.837%, 2017	200,000	129,380
Banc of America Commercial Mortgage, Inc., FRN, 6.002%, 2017	176,159	77,640
Banc of America Commercial Mortgage, Inc., FRN, 5.772%, 2017	600,000	258,556
Citigroup Commercial Mortgage Trust, FRN, 5.888%, 2017	275,000	43,290
Credit Suisse Mortgage Capital Certificate, 5.343%, 2039	197,320	88,860
CWCapital Cobalt Ltd., C1, 5.223%, 2048	55,000	35,887
GS Mortgage Securities Corp., GG8, 5.56%, 2039	230,000	156,593
JPMorgan Chase Commercial Mortgage Securities Corp., 5.44%, 2045	415,000	191,886
JPMorgan Chase Commercial Mortgage Securities Corp., 5.42%, 2049	320,000	193,630
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.466%, 2047	354,818	155,424
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.937%, 2049	250,617	45,467
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.937%, 2049	404,598	71,994
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 5.937%, 2049	1,169,622	202,075
JPMorgan Chase Commercial Mortgage Securities Corp., FRN, 6.26%, 2051	155,000	28,344
Merrill Lynch Mortgage Trust, FRN, 6.022%, 2050	155,000	27,775
Merrill Lynch/Countrywide Commercial Mortgage Trust, FRN, 5.204%, 2049	450,000	200,911
Merrill Lynch/Countrywide Commercial Mortgage Trust, FRN, 5.749%, 2050	125,000	55,397

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Table of Contents*Portfolio of Investments continued*

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Asset Backed & Securitized - continued		
Wachovia Bank Commercial Mortgage Trust, FRN, 5.882%, 2047	\$ 250,000	\$ 44,424
Wachovia Bank Commercial Mortgage Trust, FRN, 5.942%, 2047	175,000	30,442
Wachovia Bank Commercial Mortgage Trust, FRN, 6.099%, 2051	450,000	200,201
		\$ 2,476,768
Automotive - 4.2%		
Accuride Corp., 8.5%, 2015	\$ 195,000	\$ 70,200
Allison Transmission, Inc., 11%, 2015 (n)	690,000	338,100
FCE Bank PLC, 7.125%, 2012	EUR 500,000	349,387
Ford Motor Credit Co. LLC, 9.75%, 2010	\$ 205,000	103,537
Ford Motor Credit Co. LLC, 12%, 2015	292,000	142,461
Ford Motor Credit Co. LLC, 8%, 2016	245,000	103,250
General Motors Corp., 8.375%, 2033	568,000	124,960
Goodyear Tire & Rubber Co., 8.625%, 2011	107,000	79,849
Goodyear Tire & Rubber Co., 9%, 2015	244,000	181,780
		\$ 1,493,524
Broadcasting - 6.7%		
Allbritton Communications Co., 7.75%, 2012	\$ 685,000	\$ 397,300
CanWest MediaWorks LP, 9.25%, 2015 (n)	380,000	125,400
Clear Channel Communications, 10.75%, 2016 (n)	95,000	27,550
DirectTV Holdings LLC, 7.625%, 2016	450,000	383,625
Lamar Media Corp., 6.625%, 2015	585,000	424,125
Lamar Media Corp., C, 6.625%, 2015	295,000	213,875
LBI Media, Inc., 8.5%, 2017 (n)	210,000	73,500
LIN TV Corp., 6.5%, 2013	460,000	213,900
Local TV Finance LLC, 9.25%, 2015 (n)(p)	420,000	168,525
Newport Television LLC, 13%, 2017 (n)(p)	430,000	111,800
Nexstar Broadcasting Group, Inc., 7%, 2014	390,000	191,100
Univision Communications, Inc., 9.75%, 2015 (n)(p)	560,000	71,400
Young Broadcasting, Inc., 8.75%, 2014	120,000	1,800
		\$ 2,403,900
Brokerage & Asset Managers - 0.5%		
Nuveen Investments, Inc., 10.5%, 2015 (n)	\$ 605,000	\$ 185,281
Building - 2.4%		
Associated Materials, Inc., 9.75%, 2012	\$ 115,000	\$ 98,325
Associated Materials, Inc., 0% to 2009, 11.25% to 2014	270,000	137,700
Building Materials Corp. of America, 7.75%, 2014	375,000	238,125
Nortek Holdings, Inc., 8.5%, 2014	165,000	50,325
Nortek, Inc., 10%, 2013	220,000	154,000
Ply Gem Industries, Inc., 9%, 2012	360,000	97,200

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Portfolio of Investments continued

Issuer	Shares/Par	Value (\$)
Bonds - continued		
Building - continued		
Ply Gem Industries, Inc., 11.75%, 2013	\$ 120,000	\$ 71,100
		\$ 846,775
Business Services - 2.2%		
First Data Corp., 9.875%, 2015	\$ 645,000	\$ 370,875
SunGard Data Systems, Inc., 9.125%, 2013	275,000	213,125
SunGard Data Systems, Inc., 10.25%, 2015	377,000	218,660
		\$ 802,660
Cable TV - 5.0%		
Cablevision Systems Corp., 8%, 2012	\$ 325,000	\$ 266,500
CCH II Holdings LLC, 10.25%, 2010	210,000	106,575
CCO Holdings LLC, 8.75%, 2013	1,020,000	581,400
Mediacom LLC, 9.5%, 2013	380,000	311,600
NTL Cable PLC, 9.125%, 2016		